

California Budget Crisis

AD14 Assemblymember Nancy Skinner

January 10, 2009

- CA faces \$40 billion deficit over combined 08-09/09-10 budget years (**30% loss over last year's total state expenditures**). State Treasurer, Controller, Governor's Finance Director and non-partisan Legislative Analyst all agree: CA could run out of cash before the end of March.
- No cash means school bankruptcies, stops on payments to businesses and organizations that do business with the state, IOUs to state workers, delayed tax refunds and more.
- December unemployment now at 8.4%, 3rd highest state. Construction sector hit hardest.
- Crisis froze \$16 billion in bonds and other funds for 2,000 transportation/infrastructure projects up and down the State. Releasing just \$6 billion of these funds = 367,000 jobs.
- Under the guise of 'economic stimulus' Governor wants to weaken labor laws and suspend environmental protections like CEQA – with no proven cash flow or job creation benefits.

Governor Schwarzenegger's Solution

- Bush-style de-regulation aimed at working families and our environment
- Heavy reliance on uncertain borrowing
- Across the board cuts to schools, seniors, low-income, disability and health services
- Nothing to bring immediate cash or get job creating infrastructure projects back online and stop job hemorrhaging
- Revenues that require ballot action or votes by Republicans – who've taken the "No New Taxes" Grover Norquist pledge

Democrat's December Budget Solution

- Balanced interim plan of significant cuts (\$8 billion), appropriate revenues (\$10 billion) & NO borrowing
- Averts the cash crisis (gets cash flowing NOW) and cuts deficit by half.
- Releases \$6 billion for shovel ready transportation/infrastructure projects to create 367,000 new jobs.
- Solution relies on majority vote as Republicans refuse to vote on any proposal: not even their own package of all cuts.

What You Can Do:

- Contact the Governor: Tell him it's a new day, era of Bush style de-regulation is over. Solve our budget crisis without roll backs to worker and environmental protections or devastating our schools. Support Democrat plan of cuts and new revenues to stop the cash crisis and get shovel-ready infrastructure projects back on track. **E-mail:** <http://gov.ca.gov/interact> **Phone:** 916 445-2841, Ext 0 **Post:** Office of the Governor, State Capitol, Sacramento, CA 95814.
- Contact state or local Labor leaders to join with actions Labor is taking on budget crisis
- Contact your Congressman: Urge them to support federal aid to California--to increase fed funds to CA Medi-Cal recipients (FMAP), reauthorize the State Children's Health Insurance Program (SCHIP), increase food stamp funding, extend unemployment insurance benefits, and provide \$5 billion in ready to go economic stimulus infrastructure projects.

Let me know the action you've taken, call: (916) 319-2014, e-mail: Angela.Ramirez@asm.ca.gov, or through my website: <http://democrats.assembly.ca.gov/members/a14>